

Status Update on Procurement in Compliance with D.19-11-016 (IRP Procurement Order)

Energy Division Staff Review
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Background

- CPUC ordered Load Serving Entities (LSEs) to procure 3,300 MW of new resources by 2023 in November 2019 via an order in the Integrated Resource Planning (IRP) proceeding, D.19-11-016.
- The CPUC established reporting requirements on this LSE procurement and outlined procedures for the need for backstop procurement in D.20-12-044.
- The LSEs submitted compliance filings in February 2021 in compliance with these orders.
- The procurement obligations for D.19-11-016 are divided into three tranches, one each for years 2021, 2022, and 2023.
- LSEs are required to report on procurement efforts twice per year, in February and August.
- Some LSEs have undertaken procurement outside of D.19-11-016 in compliance with other orders or their own needs to maintain reliable electric supply. This is not reflected in the summary charts that follow.

Executive Summary

- All Load Serving Entities (LSEs) subject to D.19-11-016 procurement obligations submitted timely compliance information as required in D.20-12-044.
 - These two decisions established the Near-Term IRP Procurement obligation and reporting requirements.
- In February 2021, the CPUC received procurement updates from 25 LSEs on the status of their procurement obligations.
 - Procurement obligation updates were supplied by 25 LSEs. All 25 of these LSEs demonstrated an effort to meet their procurement obligations, especially for Tranche 1 due by 8/1/2021.
 - Procurement obligation updates were not supplied by an additional 18 LSEs because those LSEs opted-out of self-providing their procurement obligations, and their share of procurement was assigned to the IOUs for procurement on their behalf.
- After completing the review of the LSE submitted required documentation, Staff determined that there is no need to order backstop procurement at this time.
 - The next Staff review for the need for backstop will occur after LSE reporting in February 2022 pursuant to D.20-12-044. Staff plans to review updated data from the LSEs after filings on September 1, 2021, pursuant to ALJ Ruling issued on July 8, 2021 in R.20-05-003 proceeding.

Key Observations from Status Information

- **Progress on Meeting Procurement Obligations by Tranche**
 - LSEs demonstrated that they were collectively over procured for August 1, 2021 procurement obligations (aka Tranche 1) by 329 MWs Net Qualifying Capacity (NQC).
 - LSEs demonstrated procurement progress toward August 1, 2022 and August 1, 2023 requirements (aka Tranches 2 and 3) that indicates LSEs are on track to meet these obligations.
- **Types of Resources Procured**
 - Across all three tranches, over 80% of the NQC MWs submitted by LSEs were either battery or renewable-plus-storage resources.
 - Thermal resources represented about 6% of the procurement, exclusively from the pseudo-tied Sutter natural gas power plant. Sutter is an eligible resource to count towards the 3300 MW NQC order in D.19-11-016; however unlike “new” resources, LSEs did not enter into long-term contracts with Sutter.
 - Solar resources represented about 7% of the procurement. LSEs also procured 6-7% of other resources, including biomass, geothermal, wind, and demand response.
- **LSEs self-reported issues with executed procurement contracts**
 - LSEs identified executed or potential “remediation plans” (i.e., ‘stop gap’ measures) to ensure their obligations would be met. These issues were reported with the filings on February 1, 2021 as well as in subsequent communications with Staff since February.
 - Many projects expected to be online by 8/1/2021 to meet LSE obligations will be delayed. Most delays are less than 6 months and Staff has started actively monitoring all new projects expected online in 2021-2023, including projects procured pursuant to D.19-11-016 as well as other CPUC orders.

Notes

- This presentation focuses only on procurement data and compliance with D.19-11-016 – it is not representative of all procurement underway by LSEs.
- All data is based on LSE submissions submitted on February 1, 2021.
- Data summarized is current as of February 1, 2021 and does not reflect project delays or acceleration reported since that time.

Procurement Obligations

Identification of D.19-11-016 Procurement Obligations by LSE Type and Tranche

Procurement Obligations and Opt-Outs by LSE

Opt-Out Status	Tranche 1 Requirement (8/1/2021)	Tranche 2 Requirement (8/1/2022)	Tranche 3 Requirement (8/1/2023)	Adjusted Obligation
No (22 CCAs & ESPs)	496 MW	248 MW	248 MW	992 MW
Yes (18 CCAs & ESPs)				
3 IOUs	1,154 MW	577 MW	577 MW	2,308 MW
Grand Total - 43 LSEs	1,650 MW	825 MW	825 MW	3,300 MW

- **D.19-11-016 established a procurement obligation on all LSEs; however, it allowed LSEs to opt-out of self-providing to meet the obligation.**
 - **No Opt-Out:** 22 CCA and ESPs did not opt-out of IRP Procurement Obligations
 - **Yes Opt-Out:** 18 CCA and ESPs opted-out (knowing that the 3 IOUs would be then obligated to procure on their behalf and the costs charged to the opt-out LSEs)
 - **3 IOUs:** IOUs received procurement obligations for their own load and the 18 opt-out LSEs

Requirements by Tranche by LSE (MW)

- Each LSE has a unique MW procurement obligation for each tranche
- 25 LSEs submitted information related to all their procurement obligations

Reporting LSE Full			Tranche 1 Requirement	Tranche 2 Requirement	Tranche 3 Requirement	Adjusted Obligation
Name	LSE	Reporting LSE Ty	(8/1/2021)	(8/1/2022)	(8/1/2023)	
Apple Valley Choice Energy	AVCE	CCA	1.9	1.0	1.0	3.8
Clean Power Alliance of Southern California	CPASC	CCA	98.5	49.2	49.2	196.9
Clean Power San Francisco	CPSF	CCA	28.5	14.3	14.3	57.0
Direct Energy, L.L.C.	DEB	ESP				
East Bay Community Energy	EBCE	CCA	49.8	24.9	24.9	99.6
Lancaster Clean Energy	LCE	CCA	4.7	2.4	2.4	9.4
Marin Clean Energy	MCE	CCA	43.8	21.9	21.9	87.5
Monterey Bay Community Power Authority	MBCPA	CCA	28.7	14.4	14.4	57.4
Peninsula Clean Energy	PCEA	CCA	27.5	13.8	13.8	55.0
PG&E	PGE	IOU	382.6	191.3	191.3	765.1
Pico Rivera Innovative Municipal Energy	PRIME	CCA	1.3	0.7	0.7	2.6
Pioneer Community Energy	PIONEER	CCA	9.3	4.6	4.6	18.5
Rancho Mirage Energy Authority	RMEA	CCA	2.4	1.2	1.2	4.8
Redwood Cost Energy Authority	RCEA	CCA	5.4	2.7	2.7	10.7
San Jacinto Power	SJP	CCA	1.4	0.7	0.7	2.8
San Jose Clean Energy	SJCE	CCA	38.8	19.4	19.4	77.6
SCE	SCE	IOU	620.7	310.3	310.3	1,241.3
SDG&E	SDGE	IOU	150.7	75.3	75.3	301.3
Shell Energy North America	SENA	ESP				
Silicon Valley Clean Energy	SVCEA	CCA	33.6	16.8	16.8	67.2
Sonoma Clean Power	SOMA	CCA	21.7	10.8	10.8	43.3
UC Office of the President	UCOP	ESP				
Valley Clean Energy Alliance	VCEA	CCA	6.3	3.2	3.2	12.6
Calpine Energy Solutions	NES	ESP				
Calpine PowerAmerica-CA, L.L.C. (1362)	CPA	ESP				
Grand Total			1,650	825	825	3,300

Procurement Reported by LSEs on February 1, 2021

Aggregation of Procurement Reported to CPUC
by LSE Type and Tranche

Procurement Reported by Tranche by LSE Type (in MW)

Reporting LSE Type	Tranche 1			Tranche 2			Tranche 3		
	Requirement (8/1/2021)	Tranche 1 Claimed	2021 Shortfall / Excess	Requirement (8/1/2022)	Tranche 2 Claimed	2022 Shortfall / Excess	Requirement (8/1/2023)	Tranche 3 Claimed	2023 Shortfall / Excess
IOU	1,154	1,235	81	577	539	-38	577	598	21
CCA	403	641	238	202	278	77	202	490	289
ESP	93	103	11	46	54	8	46	29	-17
Grand Total	1,650	1,979	329	825	872	46	825	1,118	293

- LSEs provided documentation that reports they expect to be collectively **over-procured** for all tranches.
 - All individual LSEs demonstrated procurement sufficient for Tranche 1.
- LSEs provided supplemental documentation and recent communications that indicate **project delays** will reduce the MWs that meet the Tranche 1 project deadline.
 - Various delays were identified subsequent to the February 1, 2021 filings.
 - Most projects and MWs will be online within 6 months.

Procurement by IOU by Tranche (MW)

LSE	Tranche 1 Requirement (8/1/2021)	Tranche 1 Claimed	2021 Shortfall / Excess	Tranche 2 Requirement (8/1/2022)	Tranche 2 Claimed	2022 Shortfall / Excess	Tranche 3 Requirement (8/1/2023)	Tranche 3 Claimed	2023 Shortfall / Excess
PGE	383	423	40	191	194	3	191	193	2
SCE	621	678	57	310	260	-50	310	330	20
SDGE	151	134	-17	75	85	10	75	75	0
Grand Total	1,154	1,235	81	577	539	-38	577	598	21

Procurement by CCA by Tranche (MW)

LSE	Tranche 1 Requirement (8/1/2021)	Tranche 1 Claimed	2021 Shortfall / Excess	Tranche 2 Requirement (8/1/2022)	Tranche 2 Claimed	2022 Shortfall / Excess	Tranche 3 Requirement (8/1/2023)	Tranche 3 Claimed	2023 Shortfall / Excess
AVCE	2	2	0	1	1	0	1	3	2
CPASC	98	272	174	49	124	75	49	132	82
CPSF	29	29	0	14	14	0	14	14	0
EBCE	50	51	1	25	16	-9	25	147	122
LCE	5	5	0	2	2	0	2	4	2
MBCPA	29	34	5	14	18	4	14	7	-7
MCE	44	44	0	22	22	0	22	23	1
PCEA	28	28	0	14	14	0	14	0	-14
PIONEER	9	9	0	5	6	1	5	6	1
PRIME	1	1	0	1	1	0	1	2	1
RCEA	5	6	0	3	3	0	3	13	11
RMEA	2	2	0	1	1	0	1	3	2
SJCE	39	49	10	19	12	-8	19	53	33
SJP	1	1	0	1	1	0	1	2	1
SOMA	22	22	0	11	13	3	11	0	-11
SVCEA	34	80	47	17	22	5	17	7	-10
VCEA	6	7	1	3	10	6	3	75	72
Grand Total	403	641	238	202	278	77	202	490	289

Procurement by ESP by Tranche (MW)

LSE	Tranche 1 Requirement (8/1/2021)	Tranche 1 Claimed	2021 Shortfall / Excess	Tranche 2 Requirement (8/1/2022)	Tranche 2 Claimed	2022 Shortfall / Excess	Tranche 3 Requirement (8/1/2023)	Tranche 3 Claimed	2023 Shortfall / Excess
DEB									
NES									
SENA									
UCOP									
CPA									
Grand Total	93	103	11	46	54	8	46	29	-17

Reported Projects By Technology Type (By Number of Projects and MW)

Tranches <input type="button" value="v"/>							Total Project Count	Total MWs
Resource Technology <input type="button" value="v"/>	1		2		3			
	Project Count	MWs	Project Count	MWs	Project Count	MWs		
Battery	17	942	18	562	12	644	47	2,147
Biomass					1	2	1	2
Demand Response	2	13	1	1	2	5	5	18
Geothermal					2	14	2	14
Hybrid	10	659	6	186	8	266	24	1,112
Solar	7	68	7	69	11	152	25	289
Thermal	12	218	5	36	1	4	18	258
Wind_High_Cf	1	39	1	12	1	16	3	67
Wind_Low_Cf	5	40	6	6	2	15	13	61
Grand Total	54	1,979	44	872	40	1,118	138	3,968

- The 25 self-providing LSEs reported 138 instances of projects towards compliance with each of the tranches of D.19-11-016.
- Note that some projects count towards more than one tranche.

Procurement by Expected Online Date (not Tranche)

Procurement Reported by LSE Type and Expected Online Date (MW)

September NQC		Online pre 2020	Online in 2020	Online before 8/1/2021	Online before 8/1/2022	Online before 8/1/2023	Grand Total
CCA	Tranche 1	192	70	252	127		641
	Tranche 2	36		24	218		278
	Tranche 3	23		1	101	366	490
ESP	Tranche 1	73	27	4			103
	Tranche 2	1			53		54
	Tranche 3	0			10	19	29
IOU	Tranche 1			1069	166		1235
	Tranche 2				45	494	539
	Tranche 3					598	598
Grand Total		324	97	1350	720	1477	3968

Exceeds 3300 MW order

Exceeds Tranche 1 (1650 MW NQC) of order

- This chart sorts the MWs reported by expected online dates instead of Tranche to demonstrate that online date and tranches do not directly correspond.
 - While tranche 1 projects are required to be online by 8/1/2021, some projects achieved online status earlier and some will come online later due to delays.
- Some of the Tranche 1 procurement obligation was fulfilled with existing projects.
- Staff checked to make sure projects claimed were eligible, i.e. the resources were not included in the baseline list.

Procurement Reported by Resource Type and Expected Online Date (MW)

September NQC						
	Online pre 2020	Online in 2020	Online before 8/1/2021	Online before 8/1/2022	Online before 8/1/2023	Grand Total
Hybrid			562	300	249	1112
Battery		13	745	302	1087	2147
Solar	26	44	7	76	136	289
Biomass	2					2
Geothermal				14		14
Thermal	258					258
Wind_High_Cf		39		27		67
Wind_Low_Cf	37		24			61
Demand Response			13	1	5	18
Grand Total	324	97	1350	720	1477	3968

- Vast majority of procurement is either renewable-plus-storage (PV+battery) and/or solely batteries.

Questions?

More Information:

<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/more-information-on-authorizing-procurement/irp-procurement-track>

D.19-11-016 (Order Requiring Procurement):

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M319/K825/319825388.PDF>

D.20-12-044 (Order Setting Backstop and Reporting Requirements):

<https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=356271811>

Link to ALJ ruling: <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=377537993>

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